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C O N F I D E N T I A L SECTION 01 OF 03 STOCKHOLM 000013

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TAGS: [PREL](#) [ECON](#) [KGHG](#) [SENV](#) [CH](#) [IR](#) [SW](#)

SUBJECT: SWEDISH FM BILDT ON AFGHAN DRUG PROBLEM,
TURKEY-IRAN, COP-15 AND CHINA, AND EASTERN PARTNERSHIP

REF: A. 09 STOCKHOLM 749

[1](#)B. 09 STOCKHOLM 739

Classified By: Ambassador Matthew Barzun for reasons 1.4(b) and (d).

[1](#)1. (C) Summary: A focus on "the drug issue" is essential for getting Afghanistan right, Swedish Foreign Minister Bildt told Ambassador January 12. But the upcoming London Conference does not have the topic on the agenda and it is unclear what is supposed to be achieved at the meeting. If the drug problem is not addressed, "then we will lose in Afghanistan," Bildt said. On other topics, he noted:

-- Turkish diplomacy with Iran is increasingly important, both because of their escrow proposal for the Tehran Research Reactor and, more generally, because of Ankara's ability to affect Iranian decision making.

-- Chinese leaders are increasingly concerned over internal stability, which affected their decisions on recent prison sentences for activists and the execution of a British national. These concerns may also have affected China's position at COP 15.

-- On Bosnia, it will continue to be important to keep Bosnian leaders focused on the routine tasks and trade-offs of running the country and economic reform, and away from "matters of high principle" like Constitutional reform.

-- The Spanish EU Presidency's ideas on Cuba are "peripheral and won't fly." The Spaniards will need to manage a six-month transition period, but by the time of the Belgian Presidency in July, most issues will be resolved one way or another.

-- Madrid is being helpful on the Eastern Partnership (EaP) and the European Investment Bank will soon announce a new 1.5 billion Euro lending facility for EaP countries.

End Summary.

Afghanistan: Focus on Drugs

[1](#)2. (C) In a January 12 meeting with Ambassador, Swedish Foreign Minister Carl Bildt said he thought the planning for the January 28 London Conference on Afghanistan was "up in the air" as regards what was supposed to be accomplished. He repeated that Sweden had urged a small conference in Kabul first (Ref A), and then a larger international conference afterwards to drum up support for the priorities developed at Kabul, "but for reasons related to the general elections in the UK, we now have this sequence, which nobody really wanted."

[1](#)3. (C) Bildt also noted his strong concern with the absence

of "the drug issue" on the agenda for the London conference. "We tend to focus on short-term military and security issues, and to some extent on governance, but on the very complex problem of drugs there is nothing." What is required, he continued, is a multi-year focused strategy similar to what the USG had in place in Columbia, overseen by one of the largest U.S. missions in the world. Bildt observed that there were more deaths in the drug war in Mexico over the last two years than there were combat fatalities in Afghanistan. West African security is eroding because of the drug trade, and Iran is struggling with the largest number of drug addicts in the world -- roughly one million people. And in Afghanistan itself, the amount of money being generated by drug traffickers allows the insurgents to pay their fighters more than Afghan soldiers earn. Bildt continued that if issues related to drug trafficking and opium cultivation are not dealt with, "then we will lose in Afghanistan."

Iran: Turkish Diplomacy Crucial, PRC Trade Up

14. (C) On Iran, Bildt said he has seen the U.S. emphasis shift from broad-based sanctions to a "more realistic" approach focused on the Iranian Revolutionary Guard Corps. Referring to recent Congressional hearings, including testimony by Jim Dobbins (Note: given before the House Oversight Committee on December 15), he said he shares the analysis of U.S. experts that broader sanctions would have no effect, or negative effects -- though there might be some deterrent effect on other nations, he admitted (Ref B).

15. (C) On the Tehran Research Reactor proposal, he noted that the Turks were continuing their talks with the Iranians on

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the possibility of Iranian LEU being held in escrow by Turkey. During his December 7 White House visit, Prime Minister Erdogan was quite pleased with his discussions on Iran, Bildt reported. "Turkey is a key actor, the most significant actor we have when it comes to influencing domestic decisions in Iran," he continued, adding that outreach to India, Brazil, and South Africa could also be instrumental in affecting Iranian decision making. The Russians, he assessed, had little influence in Tehran. Turning to trade with Iran, Bildt claimed that EU trade was down while Chinese trade was growing quickly. "China is taking over the EU role, but keeping a much lower profile."

COP-15: Stability Concerns Affecting China's Stance?

16. (C) Bildt stated he was glad he had not been in Copenhagen during the final stages of COP-15. "We failed to read the Chinese properly, and we had hoped they would have been somewhat more prepared to bring something to the table. We failed to see how important international monitoring was to you, and how much that would run against Chinese sovereignty." Noting that China is on record to achieve 8 percent GDP growth this year, Bildt said Beijing had unleashed "the mother of all stimulus packages," indicating the high level of leadership concern over stability. This concern also motivated the eleven-year prison sentence for Liu Xiaobo and the recent execution of British national Akmal Shaikh, and may well have been behind Chinese behavior at COP-15 too. Bildt said he sees nervous leaders in Beijing now, no longer exhibiting the self-confidence of the past. He noted there had been lots of criticism inside China asking why the PRC should sacrifice its economic growth when it had not created the carbon problem in the first place.

Bosnia: Keep 'Em Churning on Boring Tasks

17. (C) On the Balkans, Bildt said the Spanish EU Presidency was planning to invite Bosnian leaders to a meeting in Madrid, but that he shared the skeptical view of U.S.

officials on the utility of such. Bildt said progress on visa liberalization issues would be very helpful at this time, but otherwise "our instruments are fairly limited." The "long-term carrot" would be the prospect of a decent life, more jobs, electricity, and roads, but "we have no real sticks" to employ with the Bosnians. In some ways, he continued, it is best to force them to work together on boring, routine tasks such as budgets and personnel issues, and keep them away from matters of "high principle" such as constitutional arrangements.

Spanish EU Presidency and Post-Lisbon Arrangements

18. (C) On goals of the Spanish EU Presidency, Bildt said Madrid will focus on economic policy and institutional implementation. The Spanish also have "a few ideas on Cuba, which are peripheral and won't fly." On the Middle East, FM Moratinos can be quite helpful and should be brought in, Bildt said. As for post-Lisbon institutional arrangements, Bildt cautioned that it would be at least six months before personnel issues were resolved. The Spanish EU Presidency will have to manage this period of transition, but by the time the Belgian Presidency rolls around in July, most questions will be answered (and even if some thinking on topics like venues are unresolved, at least it will be clear the meeting will be in Brussels!).

Eastern Partnership

19. (C) Spanish plans for the Eastern Partnership look good, commencing with a January 27 meeting in Madrid, Bildt said. Many observers had criticized the paltry 600 million Euros of EU funds dedicated to the Eastern Partnership, he continued, but in December the European Investment Bank (EIB) decided to expand further its lending facilities, making an additional 1.5 billion Euros available in matching funds. In a separate conversation with PolCouns, Johan Frisell of the MFA's Eastern European Division said that this not-yet formal decision will be voted on by the EIB Board and formally approved in coming weeks, but that just before Christmas all the EIB Governors had signed on. While the EIB has had a lending facility for small- and medium-sized enterprises in place for half a year, these additional funds will have no restrictions regarding scale of enterprise or sectors. There will also be an opportunity for Russia to apply for loans under the scheme, Frisell said.

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